

UMHLABUYALINGANA LOCAL MUNICIPALITY (KZ 271)



FINAL ANNUAL REPORT 2011/12

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MAYOR'S FOREWORD



The three challenges facing our young democracy namely; poverty, unemployment and inequality remain our main challenge, hence our commitment to contribute significantly in the betterment of life for all through the provision of service delivery to the people of uMhlabuyalingana.

It is a fact that the people of uMhlabuyalingana have not truthfully enjoyed the benefits of service delivery due to a number of issues and factors, but as leadership it is now time to demonstrate our capabilities and begin to talk about solutions not problems, lest people go back the memory lane of appalling service delivery again in our term of office.

With the limited resources and magnitude of service delivery backlogs we have adopted an unusual strategy wherein we focused on the formalisation of both Manguzi and Mbazwana as towns with an express intention to create an enabling environment for attracting investors. We believe that this will help improve our economic base and reduce our gross dependence on equitable share.

Economic growth improves the standard of living in the communities; it is a cure in improving the standard of living of our people. We have engaged outside investors and continue encouraging out investors to come and invest in our Municipality. We have also invested a lot of effort on economic growth projects which will enhance the capacity of Small Businesses. Community Markets are also a source of income for small business and the community at large. We are planning to build a number of Community Markets in areas that we have earmarked as small towns around uMhlabuyalingana and we have started with Manguzi Market which is currently at 60% completion stage.

We have significantly improved our traffic department, people of uMhlabuyalingana no longer have to travel long distances to obtain driving licenses. This has also enhanced the safety of our roads since we have capacitated the traffic department with capable traffic officials. During the year under review, the Municipality has also employed a Technical Director who will help the Municipality with its infrastructure development goals.

The vulnerable group which is youth, women and people with disability development remains our priority we cannot accept a situation which will make us to lose our talented youth to other municipalities. Youth projects are also in our list of priorities as we mostly promote youth involvement in things like sports and recreations. We have embarked on a number of projects that have created an impressive number of job opportunities such as EPWP and other capital projects. As we have mentioned earlier, the employment of youth, women and people with disability remains our priority.

The impact of HIV/AIDS has severe consequences on the socio economic development of the Municipality, as can be seen from the life expectancy and potential years of economic productivity. The Municipality is in a process of implementing programs which are aligned to National and Provincial Government programs relating to HIV/AIDS.

On the basis of the above, I therefore make this report available to the public for comments and input in shaping uMhlabuyalingana to be the best, and never to return to the undesirable state it has endured in the previous years.

Cllr. T.S Mkhombo

Mayor uMhlabuyalingana

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CHAPTER 1: Introduction

uMhlabuyalingana is a local Municipality(3621 KM²), under uMkhanyakude District which is approximately 12000 square metres in total, situated in the far North of KwaZulu Natal. According to information available from survey conducted by Statistics South Africa, which is subject to change due to current census exercise, this municipality has a population of 163 692 and is one of the most impoverished areas with high rate of unemployment, especially amongst youth.

The Municipality has 17(seventeen) wards spread across four Traditional Councils of KwaNgwanase, Mashabane, Mabaso and Mbila. The type of soil in the area is sandy, thus making it extremely difficult to grow crops. The only crops which are compatible with the soil include cassava, sweet potatoes and ground nuts.

uMhlabuyalingana, a corridor municipality to Mocambique,is mostly characterized by untapped and well protected natural resources which enhances its potential for ecotourism as illustrated in figure 1 below. Tourists visit the area in numbers per annum, in particular iSimangaliso World Heritage Site as well as eZemvelo KwaZulu Natal, to witness the pristine environment. It is however unfortunate that due to the absence of spatial development framework and an appropriate Land Use Management System in the area, especially during the period of the review inhabitants, in particular informal traders of this municipality are not optimally benefiting from the income which would otherwise be spent by the passing by tourists if there was a conducive environment for them to trade. The town of Manguzi is currently characterized by illegal structures within the road reserve, poor refuse collection system thus rendering the town unattractive to investors.

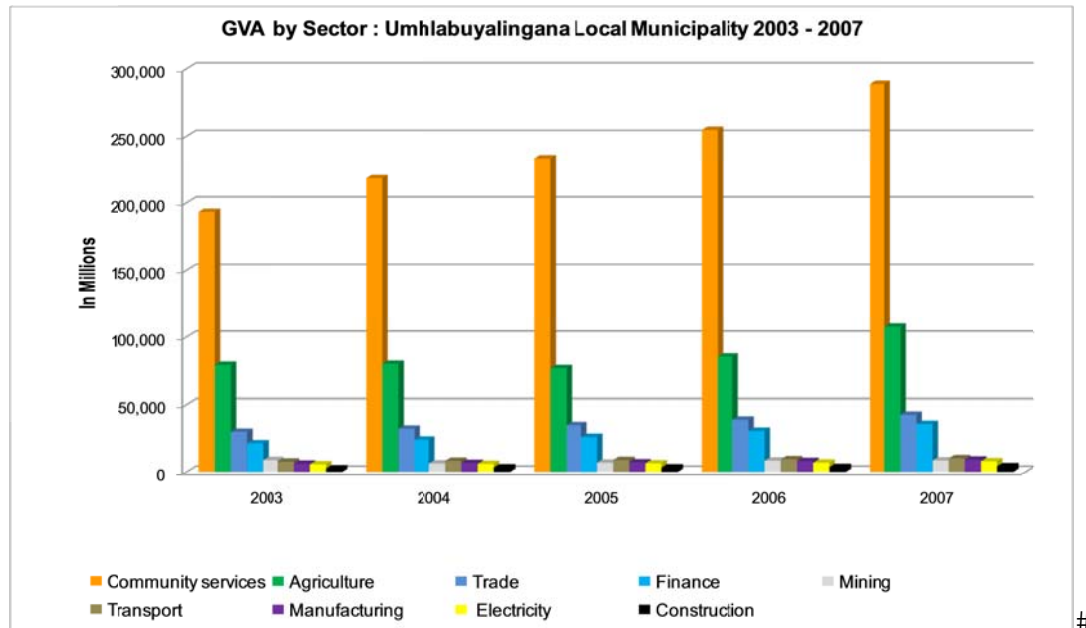


Figure 1: Pristine fresh water lake system (Coastal Forest Reserve-Kosi Bay)

Herewith is a demographic demonstration of Umhlabuyalingana Municipality (extracted from our IDP)

Age Category (Years)	Total Population (2007)	% year 2007
0-4	21056	12.82
5-14	46197	28.13
15-34	53904	33.00
35- 64	33260	20.25
Over - 65	9775	0.06
Total	164192	

Levels of Economic Activity



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Umhlabuyalingana Municipality's economic base depends largely on tertiary services, with community services accounting for about 70% of the Municipality's GDP. Agricultural production contribute about 20%, while the secondary sector consisting of manufacturing, electricity/gas/water supply contributes 10% to the GDP of the Municipality

Only 3% of the economically active population within the Municipality earns more than R 1600 per month. The alarming fact is that 47% of the economically active population (out of a total of 52%) receives either no income, or less than R1 600 per month. Out of the total population, 18% has had no formal education, 57% did not complete grade 12, and only 8% obtained a grade 12 or higher education. Of the 8% with grade 12 or higher, 2% of the municipality's population obtained a tertiary education.

Annual Household Income:

In 2001 25 119 or 94.17% of households within Umhlabuyalingana have an annual household income of R 38 400 or less. 11 959 of these households (44.83%) recorded no income at all. This again highlights the high poverty rate citizens are living in.

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CHAPTER 2: Municipal Manager's overview



2.1 Background

It gives me pleasure to mention that during my tenure the municipality has significantly improved on its administration during the year under review 2011/12. This follows a satisfactory improvement made in 2010/11 after having obtained unqualified audit report from the Auditor General. The Municipality is now striving for clean audit before 2014. We are mindful of the administrative challenges that are still affecting our municipality and have a perfect plan to address them in the next financial year. With this in mind we are therefore aware that the road will not be an easy ride bearing in mind that not so long ago the Municipality was under administration due to maladministration and poor political oversight. I am confident that with the dedication of our new Senior Management and the Council, the Municipality can only do better going forward.

I must also add that the support from Provincial departments in particular, COGTA and Provincial Treasury, has immensely contributed in the favourable current state of affairs in the municipality, this to

include serious recognition and attempts to address issues raised by the Auditor General to improve on our administrative affairs. My administration is mindful of the fact that clean administration with **no** tangible service delivery is as good as no clean administration, hence we will endeavor to improve significantly in the capital expenditure as well as internal controls to ensure public confidence in the public sector.

The following are matters that were been raised by auditors concerning internal controls which may have negative impact on service delivery which we endeavor to address:

- Non existence of rent agreements;
- Inadequate controls over annual and compulsory leave ;
- Lack of formal process for the collection of traffic fines and license fees;
- Inadequacies relating to Technical Service Department;
- Inadequacies relating to supplier database;
- Lack of formal training attended by new employees;
- Non alignment of IDP,SDBIP and budget

The unexpected resignation of our previous Chief Financial Officer (CFO) has led to delay in implementation or correction of some the matters raised by auditor. However substantial progress has been made to address the above. In order to give a comprehensive account of the status quo as at the end of the 2011/12 financial year, progress report will be provided on at least each matter raised above in the table below. The draft Annual financial statements attached as appendix A in this report can be referred to for ease of reference on some, if not all, of these issues.

Table A: 2011/12 Progress report on concerns raised in 2010/11

Concern	Progress made to date
1. Non existence of rent agreements	In a process of ensuring that rent agreement are entered into and filed accordingly
2. Inadequate controls over annual and compulsory leave	HR officer together with Payroll clerk had been assigned to monitor leave.
3. Lack of formal process for the collection of traffic fines and license fees	On weekly basis the CFO will request collection reconciliation from cashiers at traffic department.
4. Inadequacies relating to Technical Service Department	Resolved Technical Director and Technical Office have been employed to resolve technical issues
5. Inadequacies relating to supplier database	Management will engage the service provider to include SCM Modules in our financial system.
6. Lack of formal training attended by new	New employees will be trained according to their needs after carefully analyzing the budget.

employees	
7. Non alignment of IDP,SDBIP and budget	PMS/Internal Audit Manager, who will advise the Municipality on matter relating to Performance Management Systems, has been employed.

Amongst the outstanding issues raised by auditor were the internal controls, and implementation strategy, performance management system, capacity constraints, in particular in the Technical division, financial controls, contract management, risk management, SCM and IT control which we believe we have made huge progress by employing personnel we believe will help us to solve the above matters.

In conclusion to my overview, management and with the help of the Council is in a position to deliver better service to all the people of uMhlabuyalingana.

Mr. S. E. Bukhosini
Municipal Manager

2.2 Financial Performance of the municipality

At the time of the preparation of this draft annual report the annual financial statements (AFS) had not been audited. The draft Annual financial statements had however been prepared, submitted to Internal Auditors and Audit committee for review. The draft AFS are attached as appendix A of this report.

Notably, in the submitted Annual Financial Statements there has been an extreme improvement on operational expenditure (101%) compared to previous year 2010/11 expenditure of (16%), in particular, on the capital budget, an amount of **R71, 161,905** was available for 2011/12 financial year and **R34, 640,328 which was adjusted to (R 34, 410,936 according to audited financial statement)** spent as at the end of the financial year which translate to (50%) spending. Table B below indicates the actual operating expenditure and capital expenditure per project. There are a number of contributing factors which led to under expenditure and can be summarized as follows:

- The Director Technical was appointed in the third quarter of the year;
- The CFO resigned before the year end and new CFO had to takeover;
- The demand management and procurement plan for the municipality was not adequately adhered to; and
- Technical Department had limited number of personnel, and unfortunately this is still a challenge

The performance management system indicates that there were 16 targets for Technical section, and only 11 were achieved thus making an annual performance for technical section to be 69%. It is important to note that the movement in performance was largely due to urgent appointment of Technical Director and Technical Officer which hastened the implementation of projects targeted. Improvement on Performance Management System Unit, in accordance with the Local Government Performance Regulations 2001 and 2006 also help to identify warning signs earlier.

On the other hand the operational budget was **R 37,323,200** and **R37, 601,679.00 which was adjusted to (R38 591 231 according to audited financial statement)** spent thus making the total expenditure to be **101%**, this includes provisions. It is important to note that we have spent as much as we could on service delivery projects but due late appointment of Technical Service Director we have only spend 50% on capital expenditure which promise to endeavor in the previous financial year 2010/11 . It is clear from this information that the Municipality is now starting to spend more on service delivery. It is imperative to mention that we will continue improve on spending more on service delivery than on the administration. A submission has been made to Provincial Treasury in respect of unspent conditional grants, and these projects have been included in the organizational performance score card and SDBIP's for the next financial year 2012/13.

Table B:
Umhlabuyalingana Local
Municipality actual
Operating and Capital
expenditure vs Budget

Description	Budget 2011/12	Actual Expenditure	Adjusted Amount	Variance	% Spent
<u>Expenditure by category</u>					
Councilors Remuneration	6,880,579	6,756,237	6,756,237	124,342	98%
Employees costs	12,203,333	10,579,952	10,380,352	1,623,381	85%
General Expenditure	14,883,522	13,904,761	13,791,764	978,761	93%
Repairs and Maintenance	1,158,455	1,002, 556	1,013,573	155,899	88%
Provisions Rehabilitation landfill	865,132	578 000	-	287,132	0%
Depreciation	1,197,179	3, 821,011	4,146,551	-2,623,832	-29%
Bad Debts Provisions	135,000	1,377,758	2,502,736	1,242,758	-0.06%
	37,323,200	37,601,679	38,591,231	278,479	-97%

Capital expenditure per project

Description	Budget 2011/12	Actual Expenditure	Adjusted Amount	Variance	% Spent
Vehicles: Traffic, Pool car, Mayor	651,500	651,271	651,271	229	99.9%
Computers and printers	100,000	82,129	82,129	17,871	82%
Furniture and Equipment	227,000	227,702	227,702	702	100%
- Savalian Camera / Speed Camera	113,000	112,275	112,275	725	99%
- Upgrading of Financial System	700,000	497,005	497,005	202,995	71%
Municipal Buildings - Traffic Station	4,500,000	3,108,034	3,108,034	1,391,966	69%
Council Chamber – MIG	10 000 000	7,014,331	7,014,331	2,985,669	70%
National Electrification – MIG	9,337,000	6,177,173	2,437,062	3,159,827	27%
Urban Development	907,195	-	-	907,195	0%
Library Guard House	332,608	11,420	11,420	321,188	0,3%
Bhekabantu Community Hall	370,000	241,646	-	46,174	0%
Small Town of Mbazwana	1,000,000	2,262,768	857,612	262,768	86%
Sport Ground	2,734,690	1,478,745	1,487,745	1,255,945	54%
Municipal Skips	446,250	446,100	446,100	150	99.9%
MIG Roads: Manguzi Road	7,046,701	3,416,326	7,113,726	3,630,375	101%
: Thandizwe Road	8,000,338	-	-	8,000,000	0%
: Mbazwana Dumpsite Road	7,596,960	1,833,316	4,197,236	-323,620	56%
Small Town Rehabilitation cold room	13,098,663	5,976,543	5,976,543	7,122,120	46%
Fencing of municipal dumpsites	4,000,000	1,103,544	190,745	2,896,456	5%
	71,161,905	34,640 328	34,410,936	36,521,577	50%

It is important to note that the column for adjusted amount is representing the amounts which were adjusted in the Audited Financial Statements other than these changes there were no changes made to this Audited Annual Reports.

The picture looks good and promising, taking into cognizance the previous financial years, in terms of spending the budget allocated for projects. However there is a still a need for drastic improvement in the ensuing years coupled with appropriate planning to ensure maximum expenditure thus leading to meaningful service delivery.

Finally the AFS provide a comprehensive indication, as part of our disclosures, in areas where we have identified deviations from the normal supply chain processes. These include amongst others, the

procurement of sport wear for the ward teams which was procured late due to late submission of teams' list emergency procurement was done.

CHAPTER 3: Institutional performance

3.1 Organisational performance Score card

According to Municipal Planning and Performance Regulations, 2001 the municipality must develop an organizational scorecard with specific, measurable, achievable, realistic and time bound (SMART) output measures and key performance indicators. It is also important to note that the scorecard must be informed by the Integrated Development Plan (IDP) as enshrined in the Municipal System Act, Chapter 5. The Municipal Performance Regulation for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 deals with the monitoring and evaluation of individual performance of Section 57 managers and managers accountable to the municipal manager. The Service Delivery Budget Implementation Plans are developed from the Organisational scorecard which is informed by the approved IDP priorities for implementation by the Council. The development of organizational scorecard and Managers SDBIP's are informed by figure 1 below to ensure impact oriented service delivery for our communities.

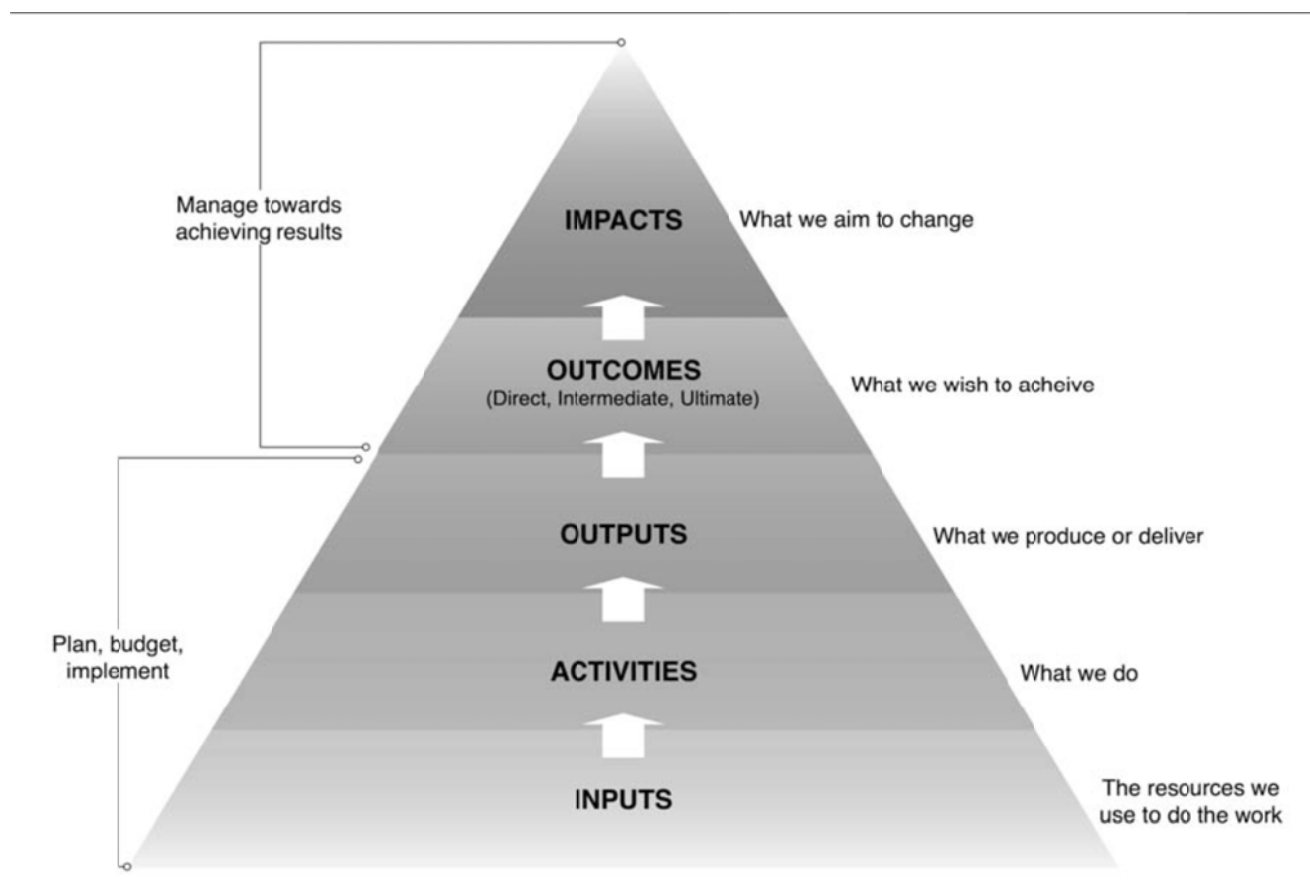


Figure 2: Framework for the development of organizational scorecards and SDBIP's

Whereas there has been considerable progress in respect of performance management system, to be aligned with the framework in figure 2 above, in the municipality generally compared to the previous financial years, there is still a significant amount of work that is still to be done in this sphere. According to the organizational scorecard there were 133 targets for the 2011/12 financial year and only 78 were achieved, hence the overall performance of the municipality was 59%. Table C below provides a detailed analysis of this situation. The table provides, in particular the annual target, annual budget expenditure, actual results attained and the mitigation measures in place for the next financial year in cases where targets were not been met. Files for the portfolio of evidence to substantiate the performance below are available in the municipality, but have not been included in this report.

Table C: 2011/12 ANNUAL PERFORMANCE REPORT

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANC E INDICATOR	ANNUAL TARGET	BASELIN E	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEME NT
ROADS	Manguzi roads (black top)	Number of kilometers of tarred road with engineers certificate	2.04km tarred road with engineer's certificate completion certificate by June 2012	2.5 kms Mbazwana Roads(black top)	R 7 046 701	<p>Target not achieved</p> <p>Tribal Road was 90% of 300 m completed by 30 June 2012.</p> <p>Hospital link Road box cutting was done which translate to 30% of 400 m completion of the road by June 2012.</p>	<p>The contractor was appointed late. The tender was re-advertised due to the fact that bidding prices were too high and the municipality was not going to afford.</p> <p>The community stopped the project from the continuing for more than a month since there was a feeling that their houses</p>	R 3 416 326	R 7 133 726	<p>Monitoring and Evaluation will be properly done on</p> <p>Tribal Road</p> <p>The main contractor was having financial difficulties so we signed the session agreement with the sub contractor to complete the project.</p> <p>Gelegele</p>

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
						<p>Gelegele Road box cutting was done which translate to 30% of 1350 completion of the road.</p> <p>List of Manguzi roads is attached</p>	were going to be demolished.			<p>and Hospital link</p> <p>Recalculation and adjustment of road designs to suit the required standards and the budget.</p> <p>The contractor has put in more resources to cover the time lost due to the delays.</p>

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
	Thandizwe gravel road	Number of kilometers of gravel road with engineer's certificate	4.8km of gravel road with engineer's completion certificate by June 2012	No new access roads were constructed by the municipality	R8 000 338	Target not achieved The project was not started.	The delays in the SCM processes caused the project to be transfer to the next financial year as a backlog project.	R0.00	R0	Develop, evaluate and monitor the procurement plan.
	Mbazwana Town Services	Number of kilometers of tarred road with engineers certificate	1.15km tarred road with engineer's completion certificate by June 2012		R 7 415 674	Target not achieved 1.15 km tarred road was completed without completion certificate Additional work was done	The delays were caused by additions to the scope of work planned which were Access to the traffic station 200 m of black top road and walk ways	R2 262 768	R 857 612	Completion certificate in respect of the initial scope is available, the final completion will be once the additional scope has been finalized. Differences in amounts

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
										paid to date due to delayed submission of payment certificate.
MUNICIPAL BUILDINGS	Municipal Traffic Station	Engineer's certificate	Completed testing ground with engineer's completion certificate by Sept 2011	Backlog project carried over from 2010/11 financial year	R 4 500 000	Target achieved		R3 108 034	R 3 108 034	
	Municipal Council chamber	Engineer's certificate	Completed building with engineer's completion certificate by June 2012	Backlog project from 2010/11 financial year	R 10 000 000	Target achieved, the initial scope of work has been completed and certified by the engineer.		R 7 014 331	R 7 014 331	
	Library guardhouse	Engineer's certificate	Completed library guardhouse with engineer's completion certificate by June 2012	Complete Library building	R 332 608.00	Target achieved		R11 420 (Additional invoice were paid in July 2012)	R 11 420	
	Extension of library parking	Engineer's certificate	Completed library parking with engineer's completion certificate by Dec	Complete Library building	R0. 00	Target not achieved, only site establishment was done	The delay was due to SCM processes causing the delay in the	R0.00	R 190,745	-The procurement plan which will include dates for the

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
			2011				appointment of the contractor			sitting of Bid Committees will be properly followed to avoid delays
	Municipal back-up engine	Back-up engine installed	Proof of purchase of back-up engine by Sept 2011		R 0.00 (Included in the Council Chamber Expenditure)	Target not achieved, An order was place for the back-up engine. The engine is going to be delivered once the municipal council chamber is completed	Municipal Council Chamber was still at contraction stage and there was a feeling that bringing engine at that stage was not right the engine was going to be damaged.	R0.00	R 0	Waiting for installation by the service provider after the electricity installation is complete in the municipal council chamber.
COMMUNITY HALL	Bhekabantu Community Hall	Engineer's completion certificate	Completed building with engineer's completion certificate by Sept 2011	Backlog project from 2010/11 financial year	R 370 000	Target achieved		R241 646	R 0	
WASTE MANAGEMENT	Fencing of three dumping sites	Engineer's completion certificate	Fencing of three landfill sites completed with	Backlog project from	R1 500 000.00	Target achieved, all three		R1,103 544	R 190 745	

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
			engineer's completion certificate by June 2012	2010/11 financial year		dumpsites have been completely fenced.				
	Waste Management Campaign	Waste Management awareness campaign attendance register	Awareness campaign conducted for the whole area by June 2012		R 50 000	Target not achieved, campaigns were not conducted in the whole area but certain areas.	Delays in implementation of campaigns led to the campaigns not being conducted.	R50 323.00	R50 323	This will be addressed through the development of the Waste Management Plan and action plan in the next financial year
	Collection of refuse from business holdings	Daily schedule per area of refuse collection and proof of regular inspections	Daily schedule per area of refuse from a number of business holdings by June 2012	One Refuse collection truck - Continuous project	HR	Target achieved, the waste is collected on daily basis				
	Maintenance of municipal facilities	Monthly routine maintenance of municipal offices, park homes, traffic section, sports fields and community halls	12 monthly maintenance report on all municipal facilities by June 2012		HR	Target not achieved Maintenance of facilities is done on ad hoc basis,	Maintenance Plan was not complete	R0.00	R0	Maintenance of facilities policy will be drafted and submitted to council in 2012/13 to guide the maintenance of municipal facilities

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
	Collection of domestic refuse	Weekly schedule per area of refuse collection and proof of regular inspections	Weekly collection of refuse from xxx households by June 2012		HR	Target not achieved, no refuse collection is done on households	Lack of capacity and resources			
	Access to solid waste removal	Number of households with access to waste removal	To be quantified in September 2011.		HR	N/A		N/A		N/A
ELECTRICITY	Provision of grid electricity	Number of households connected	192 households connected at Manaba by June 2012	Backlog project from 2010/11 financial year	R 9 337 000	Target achieved		R 6 177 173	R 2 437 062	
SPORTS-GROUND	Old Manaba Sports Ground	Engineer's completion certificate	Completed Manaba sports ground with engineer's completion certificate at the old site by June 2012	Backlog project from 2010/11 financial year	R 224 040	Target achieved		R184 626	R184 626	
	New Manaba Sports Ground	Engineer's completion certificate	Completed Manaba sports ground with engineer's completion certificate at the new site by June 2012		R 1 935 249	Target achieved		R1 193, 876	R 1 193 876	
INFRASTRUCTURE PLANNING	Infrastructure and maintenance plan	Approved infrastructure and maintenance	Council approved infrastructure and maintenance plan with action plans by		R 500 000	Target achieved, the plan was completed		R0.00	R0	

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
		plan	June 2012			and presented to council				
	SDF & LUMS	Reviewed SDF for the municipality	Council resolution for the adoption of SDF by March 2012		R 300 000	Target not achieved	Delayed appointment of service provider due incapacity to develop explicitly TORs			Target has been moved to 2012/13 financial year and the TOR has been developed.
SMALL TOWN REHABILITATION	Manguzi Market stalls & Off road parking	Engineer's completion certificate	Completed 80 market stalls, 1 store-room and 1 cold-room with engineer's completion certificate by June 2012	Backlog project from 2010/11 financial year	R 13 500 000.00	Target not achieved. Project was started later during the year	There was dispute raised by unsuccessful bidder which led to delay in the construction of the Manguzi Markets The electricity lines which were crossing the site also delayed the construction process as well as water pipe.	R 5 976 543	R5 976 543	Target moved to 2012/13 financial year By June 2012 the project was at 60 percent completion stage.

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
INFRASTRUCTURE MAINTENANCE	Manguzi Sports field refurbishment	Engineer's completion certificate	Completed project by June 2012	Manguzi Sportfield	R 575 000.00	Target achieved		R114 278.00	R 114 278	
LIBRARY SERVICES	Promotions	Number of promotions	Four promotions by June 2012		R 50 000	Target achieved		R50 000	R 50 000	N/A
	Audio visual circulated	Number of audio visuals circulated	720 audio visuals circulated by June 2012	Information from SITA Library Information Management System	HR	Target not achieved	There was no librarian to ensure proper recording.			No proper recording due to a vacant post of the librarian, the post has been filled.
	Circulation of books	Number of books circulated to patrons	3600 books circulated to patrons by June 2012	Information from SITA Library Information Management System	HR	Target not achieved	There was no librarian to ensure proper recording.			No proper recording due to a vacant post of the librarian, the post has been filled
	Books exchange	Number of exchanged done per year	Four exchange performed by June 2012	Information from SITA Library Information Management System	HR	Target achieved				
	Access to	Number of	7988 patrons have	Information	HR	Target				

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
	internet	patrons with access to internet	access to internet by June 2012	on from SITA Library Information Management System		achieved				
	Basic computer skills training	Number of people trained in basic computer skills	360 people trained in basic computer skills by June 2012	Information from SITA Library Information Management System	HR	Target achieved				
TRAFFIC LAW ENFORCEMENT	Law enforcement	Number of motor vehicles stopped and checked	4450 vehicles stopped and checked by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target not achieved, Traffic officers spent 3 months in fire fighting training.				There will be an increase of manpower in the traffic department, and proper plan of action will be followed to avoid compromising annual targets.
	Alcohol screening	Number of drivers screened for alcohol	2225 drivers screened for alcohol by June 2012	RTMC National Rolling Enforcement	HR	Target achieved				

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
				baseline information						
	Speed timing	Number of vehicles screened for speeding	2400 vehicles screened for speeding by June 2011	RTMC National Rolling Enforcement baseline information	HR	Target not achieved, surveillance camera broken	Maintenance of machine			The machine which had broken down was sent for maintenance and the target migrated to 2012/13
	Multi-disciplinary roadblocks	Number of multi-disciplinary roadblocks conducted	24 multi-disciplinary roadblocks conducted by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved				
	Direct charge of drunken driving	Number of people charged for drunken driving	24 people charged for drunken driving by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved.				
	Suspension of unroad worthy motor vehicles	Number of suspended motor vehicles	24 motor vehicles suspended by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved				

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
				n						
	Issuing of written notices / infringement notices (Sec 56)	Number of written notices issued	One notice issued per enforcement hour until 30 June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved				
TRAFFIC ADMINISTRATION	Examination of learners licenses	Number of learners examined for learner drivers licenses	3960 learners examined for learner drivers' licenses by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved				
	Renewal and replacement of drivers licenses	Number of drivers licenses renewed or replaced	960 drivers licenses renewed or replaced by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved				
	Application of professional drivers permit	Number of Professional Drivers Permit (PDPs) issued	420 PDPs issued by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved				
	Temporal drivers licenses	Number of temporal drivers	42 temporal drivers licenses issued by	RTMC National	HR	Target achieved				

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
		licenses issued	June 2012	Rolling Enforcement baseline information						
	Duplicate learners licenses	Number of duplicate learners licenses issued	24 duplicate learners licenses issued by June 2012	RTMC National Rolling Enforcement baseline information	HR	Target achieved				
FARMING	Groundnut commercialization	Number of hectares ploughed	100 ha of land ploughed and fenced by June 2012		R 1 800 000	Target achieved				
TOURISM	Tourism strategy	Council resolution approving tourism strategy	Council approved tourism strategy by Dec 2011		HR	Target not achieved	Lack of capacity			Engagement of other stakeholders to finalize the tourism strategy
LED	LED strategy	Council resolution approving LED strategy	Council approved LED strategy by Dec 2011		HR	Target not achieved	Lack of capacity			Engagement of other stakeholders to finalize the tourism strategy
	Jobs created through capital projects	Number of jobs created	500 jobs created through capital projects by June 2012		HR	Target achieved				

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
HR & ADMINISTRATION	Annual leave reports	Annual report for all staff members	Annual leave report for all staff members by June 2012		HR	Target achieved				
	Filling of vacant posts	Number of vacant posts filled	Two Sec 57 managers vacant posts filled by Dec 2011		HR	Target achieved				
	HR policies	Council resolution approving reviewed HR policies	Council approved 12 HR policies by June 2012	39 municipalities that needed to be reviewed	R 300 000	Target achieved				
	Councilors' training	Attendance registers or attendance certificates	Proof of all councilors attendance of trainings by June 2012 with proof of attendance register		R 400 000	Target not achieved, 1 councilors training				
	Staff training	Attendance registers or attendances certificate by June 2012	Staff training attendance by June 2012.		R 160 000	Target achieved				
	Archives and internal library	Fully functional archive and internal library	Established and fully functional archive system by Oct 2011.		R 150 000	Target not achieved, The archive system is not yet fully functional	Lack of capacity	R115 000.00	R 115 000	Designate an official to oversee the fully functionality of the archive system
STAFF MANAGEMENT	Staff management to ensure	Staff meetings	4 quarterly staff general meetings by June 2012		HR	Target achieved				

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
	discipline for productivity									
		Report on Sec 57 managers and other staff working in the MM's office work attendance analysis	12 monthly staff work attendance analysis report forming part of monthly report to Exco by June 2012		HR	Target achieved				
		Report on Sec 57 managers and staff working in the MM's office vacation leave, maternity leave and sick leave	12 monthly report on staff vacation leave, maternity leave and sick leave by June 2012		HR	Target achieved				
		Disciplinary measures by MM.	Depending on need arising		HR	N/A				N/A
	MANCOM meetings	Number of meetings	12 MANCOM meetings by June 2012		HR	Target achieved				N/A
	LLF	Number of LLF meetings	6 meetings by June 2012		HR	Target not achieved, Lack of cooperation from other structures	Lack of cooperation from structures			Develop and publicize sanctions for rules and orders

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
	EXCO	Number of Exco meetings	12 monthly meetings by June 2012		HR	Target not achieved, none attendance of scheduled meetings	Meeting could not quorate.			Develop and publicise sanctions for rules and orders
	Council	Number of Council meetings	4 meetings by June 2012		HR	Target achieved				
FINANCIAL POLICIES	Financial and accounting policies	Reviewed financial and accounting policies	Council approved financial and accounting policies by Sept 2011		HR	Target achieved				
	IT analysis	Fully functioning IT system	Fully functioning system with server by Dec 2011		R 600 000	Target achieved				
	Implementation of MPRA valuation roll	Approved supplementary valuation roll	Supplementary valuation roll by Sept 2011		R 700 000	Target achieved		R497 005,00	R 497 005	
	Financial management training	All finance staff trained and have accreditation on specific modules	All finance staff must have attended training by March 2012		R 200 000	Target achieved				
	Grants reconciliation	Number of monthly grants reconciliation reports	12 monthly individual grant reconciliation and report on spending by June 2012		HR	Target achieved				None
REVENUE	Increase revenue base of the municipality	Percentage increase	5% increase in revenue collection by June 2012		HR	Target not achieved, no Revenue Enhancement Strategy	Lack of capacity			Assistance needed from COGTA and national Treasury to

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
										draft the Revenue Enhancement Strategy, draft has not been submitted to MM
BUDGET	2012/2013 Annual Budget	Council resolution approving 2012/13 budget	Council approved 2012/13 budget by 31 May 2012		HR	Target achieved				
REPORTS	Section 71 MFMA reports	Number of Sec 71 MFMA reports submitted to the Mayor and Provincial Treasury	12 monthly Sec 71 MFMA reports submitted to the Mayor & Provincial Treasury by June 2012		HR	Target achieved				
	Provision of budget reports for all operational & capital projects	Number of budget reports on operational and capital projects	12 monthly budget reports on all operational and capital projects by June 2012		HR	Target achieved				
EXPENDITURE	Payment of councilors allowances and staff salaries	Timeous payment of councilors allowances and staff salaries	Payment of staff salaries and councilors allowances by the 25 th of each month		HR	Target achieved				
	Accreditation of suppliers DATA base	Registration of suppliers on DATA base	Credible suppliers DATA base by March 2012		HR	Target achieved				

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
					HR	Target not achieved	Delays in the system upgrading			Delay in the system upgrade, the system will be upgraded for future purposes
	Payment and reconciliation of creditors in terms of MFMA	Payment of creditors within 30 days of submission of invoice	12 monthly creditors reconciliation reports by June 2012		HR	Target achieved				None
		Number of creditors reconciliation reports with age analysis	12 monthly creditors reconciliation reports with age analysis by June 2012		HR	Target achieved				None
SCM	All procurements of goods and services to be done in terms of SCM	HODs to submit their demand management needs to SCM unit	All HODs submitted their demand management needs & issued with SCM programme of procurement by August 2011		HR	Target achieved				
		Number of SCM reports to MM on deviations (attached with Bid Committees' reports)	12 monthly SCM reports to MM on deviations by June 2012		HR	Target achieved				
	SCM reports to National Treasury for goods / services	Number of monthly reports to National Treasury	12 monthly SCM reports to National Treasury by June 2012		HR	Target achieved				None

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
	of R 100 000 and above									
	VAT reconciliation report	Proof of VAT reconciliation and refund from SARS where applicable	12 monthly VAT reconciliation reports by June 2012		HR	Target achieved				None
INDIGENT REGISTER	Compilation of indigent register in terms of Municipal Planning & Performance Regulations 2001	Register of indigent people indicating their names, surnames, ID numbers & physical addresses with Council resolution approving it.	Council approved indigent register by Sept 2011		HR	Target not achieved	Lack of capacity			Engage ward committee member and ward councilors to assist in development of the register
PMS	Performance reports in terms of SDBIP	Number of monthly reports to the Mayor and Exco	12 monthly reports to the Mayor and Exco by June 2012		HR	Target achieved				None
		Number of quarterly reports to the Mayor, Exco & Council	4 quarterly reports to the Mayor, Exco & Council by June 2012		HR	Target achieved		N/A		None
WARD COMMITTEES	Training of ward committees	Develop training schedule for ward committees	Develop training schedule by Sept 2011		HR	Target achieved				
	Schedule of ward committee meetings	Develop schedule for ward committee	Development of the schedule for ward committee		HR	N/A		N/A		

PRIORITY	DESCRIPTION OF PROJECT / PROGRAMME	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	BASELINE	BUDGET ALLOCATION	ANNUAL ACTUAL	Reasons for deviation	ACTUAL EXPENDITURE	Adjusted Amount	PLANNED MEASURES FOR IMPROVEMENT
		meetings	meetings by Sept 2011							
	Meetings of ward committees	Number of ward committee meetings	At least 4 meetings of each ward committee (totaling 68 meetings for 17 wards per year) by June 2012			Target not achieved, no proper recording of meetings	Lack of cooperation between structures			Engage the speaker on proper filing of ward committee records and designate an official to attend ward committee meetings
AUDIT	Audit Committee	Number of meetings	4 audit committee meetings by June 2012		HR	Target achieved		N/A		None
HIV /AIDS	Local Aids Council meetings	Number of LAC meetings	4 LAC meetings by June 2012		HR	Target not achieved	Lack of cooperation between structures	N/A		Fast facilitation of meeting of structures
PUBLIC COMPLAINTS	To ensure that complaints and queries are addressed promptly	Response time to complaints / queries	Response time complaints / queries within 5 working days		HR	When need arise		N/A		Public Complaints & queries policy to be drafted and submitted to council in 2012/13

DEPARTMENT	NUMBER OF PERFORMANCE TARGETS	TARGETS ACHIEVED	PERCENTAGE
ORGANIZATION	133	78	59%
TECHNICAL SERVICES	26	14	54%
FINANCE	21	18	86%
COMMUNITY SERVICES	51	22	43.13%
CORPORATE SERVICES	21	12	57.14%

MUNICIPAL MANAGER	14	12	86%
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It is important to highlight that the 43.13% achieved by Community Service was due to late appointment of Director Corporate and Community Services, who was appointed later in the year under review.

The above table further provides an indication, in terms of the Municipal Performance Regulation for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 for individual performance for the section 57 managers and Municipal Planning and Performance Management Regulations , 2001. This situation is also addressed in the internal auditors report attached as Appendix B.

CHAPTER 4: Governance issues

4.1 Audit Committee

The audit committee was established in the 2010/11 financial year in accordance with section 166 of the Municipal Finance Management Act. It is also important to mention that the Audit Committee is also functioning as Performance Audit Committee since members are experience in Performance Management System and due to the nature of the Municipality. During the year under review the Audit Committee had four Audit Committee meetings. Minutes of the audit committee are attached as Appendix C.

4.2 Performance Evaluation Committee

The Performance evaluation committee could not be appointed in the 2010/11 financial year due to reasons stated above. Arrangements have been made to ensure that this committee is established in the 2011/12 financial year however during the compilation of this report, performance evaluation committee had not been appointed.

4.3 Internal Auditors

The Municipality appointed De]loitte Consulting as Internal Auditors during 2009/10 for the next three years. The internal audit coverage plan for 2011/12 has been implemented accordingly. The Internal Audit Reports are attached Appendix B

4.4 Municipal SCOPA

The municipal SCOPA was established in 2010/11 and performed its functions accordingly. The Municipal SCOPA has played an oversight role in the compilation of the 2011/12 annual report, presentation to both EXCO and Council, conducted public participation in the four clusters, incorporated comments from the public and submitted the report to Council for adoption and later to the province. It is on the basis of this that it could perform all its oversight responsibilities.

APPENDIX A
DRAFT ANNUAL FINANCIAL STATEMENTS

APPENDIX B
INTERNAL AUDIT REPORT

APPENDIX C
AUDIT COMMITTEE MINUTES